

TABLE OF CONTENTS

Board Letter -----	ii
Authority Members -----	1
Profile of Authority -----	2
Eligible Participating Institutions -----	2
Summary of Financing -----	3-9
Report of Independent Accountants -----	10
Management Disc. -----	11
Financial Statements -----	13-15
Notes to Financial Statements -----	16-21
Schedules of Financial Statements -----	22-28

IHELA

December 1, 2008

The Honorable Chet Culver

Governor, State of Iowa

The Honorable Jack Kibbie

President, Iowa State Senate

The Honorable Pat Murphy

Speaker of the House

Dear Governor Culver and Distinguished Leaders:

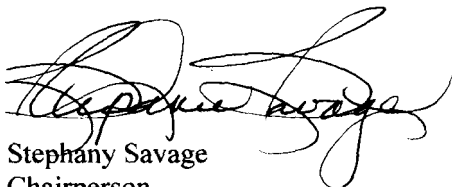
For twenty-six years the Iowa Higher Education Loan Authority (IHELA) has been serving Iowa's independent not-for-profit colleges and universities by providing affordable financing of facilities and working capital through the issuance of tax-exempt debt on their behalf. It is our privilege to deliver to you the 2008 Annual Report for the Iowa Higher Education Loan Authority. This annual report is submitted in compliance with the Code of Iowa, Chapter 261A.21.

Since its founding in 1982, IHELA has completed 180 stand-alone issues totaling \$1,139,272,914 of which \$628,224,005 is outstanding as of June 30, 2008. During the Authority's existence, Iowa's regionally accredited independent not-for-profit private colleges have continued to grow and advance. We believe IHELA plays a significant role in enabling them to remain competitive by providing low cost capital and working capital financing.

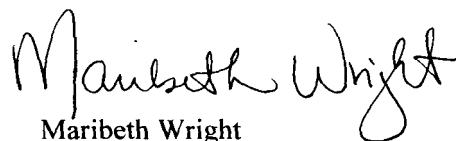
In fiscal year 2008, IHELA issued stand-alone financings for facilities on behalf of Buena Vista University, Cornell College, St. Ambrose University and Grinnell College in the amount of \$94,195,000. Seven institutions participated in the Authority's Revenue Anticipation Note program to obtain short-term cash flow financings. These seven institutions collectively borrowed \$29,465,000. The total amount of bonds issued for fiscal year 2008 was \$123,660,000.

IHELA recognizes that the colleges and universities are invaluable assets providing educational, cultural and economic opportunities for all the citizens of the state. It is our desire and goal to continue to be of service to Iowa's independent not-for-profit institutions of higher education. We appreciate the confidence you have placed in us and thank you for the opportunity to serve Iowa independent higher education through these special loan programs.

Respectfully submitted,



Stephany Savage
Chairperson



Maribeth Wright
Executive Director

AUTHORITY MEMBERS

BOARD OF DIRECTORS

Stephanie Savage

Chairperson

Ms. Savage is a resident of Dubuque, Iowa. Ms. Savage is a civic leader in the Dubuque community. Her current term expires April 30, 2010.

Dennis Houlihan

Vice-Chairperson

Mr. Houlihan is a resident of Dubuque, Iowa. Mr. Houlihan is a Financial Consultant with A.G. Edwards & Sons, Inc. His current term expires April 30, 2012.

John V. Hartung

Treasurer

Mr. Hartung is a resident of Indianola, Iowa. Mr. Hartung is the retired President of the Iowa Association of Independent Colleges and Universities. His current term expires April 30, 2009.

Robert Fleming

Secretary

Mr. Fleming is a resident of Adel, Iowa. Mr. Fleming is President of the SUMO Group. His current term expires April 30, 2011.

Janet Piller

Assistant-Secretary

Ms. Piller is a resident of Urbandale, Iowa. Ms. Piller is an Insurance Agent with Piller Insurance Services, LLC. Her current term expires April 30, 2014.

STAFF

Maribeth Wright
Executive Director

LEGAL COUNSEL

Davis, Brown, Koehn, Shors & Roberts, P.C.

INDEPENDENT AUDITORS

Shull & Co., P.C.

FINANCIAL ADVISOR

Will B. Tschudy

BOND COUNSEL

Ahlers & Cooney, P.C.
Davis, Brown, Koehn Shors & Roberts, P.C.
Dorsey & Whitney, LLP.
Gilmore & Bell, P.C.

TRUSTEES

American National Bank & Trust Co.
Bankers Trust Company, N.A.
U.S. Bank N.A.
Wells Fargo Bank, N.A.
First National Bank of Muscatine

IOWA HIGHER EDUCATION LOAN AUTHORITY

Profile of the Authority

The Iowa Higher Education Loan Authority (the Authority) was created by the State Legislature in 1982 under the provisions of Chapter 261A, as a body politic and corporate of the State of Iowa. All obligations incurred by the Authority are exclusively those of the Authority and do not place an obligation on, or have the guarantee of, the State of Iowa. All administrative expenses of the Authority are paid from funds provided through the operation of its programs. The Authority has never received any appropriations from the State of Iowa. The Bonds issued are special and limited obligations of the Authority and do not represent, constitute or create an obligation, general or special, or debt, liability or moral obligation of the State or any political subdivision of the State within the meaning of any constitutional or statutory limitation.

The Authority was established for the purpose of financing education loans for regionally accredited independent institutions of higher education through the investment of private capital (Code of Iowa, Chapter 261A.1). In 1985, the Legislature expanded the function of the Authority to provide for loans to finance the acquisition, construction and renovation of needed educational facilities, structures and equipment, and to refund, refinance, or reimburse outstanding indebtedness incurred by eligible Iowa independent institutions (Code of Iowa, Chapter 261A.32). In 1997, the Legislature amended and expanded the function of the Authority for a project that is to be leased by the authority to an institution and to provide for loans in anticipation of the receipt of tuition by an institution. The Legislature also removed a restriction that IHELA shall not have outstanding at any one time obligations issued in an aggregate principal amount exceeding one hundred fifty million dollars (Code of Iowa, Chapter 261A.34). In 2000, the legislature amended Chapter 261A to provide that interest on obligations issued by the Authority is exempt from state income tax and to authorize the Authority to finance facilities that will be leased to institutions by a third party.

The Authority is empowered to issue tax-exempt revenue bonds and to make the proceeds available in low-interest loans to eligible institutions for the purposes stated above.

A Board of five members who are appointed by the Governor of the State and are subject to confirmation by the Senate governs the Authority. Members must be residents of Iowa and no more than three may be members of the same political party or gender. Appointments are made for six-year terms. The State Treasurer serves as an ex-officio member of the Authority.

Eligible Participating Institutions

An eligible institution means a nonprofit educational institution located in Iowa not owned or controlled by the state or any political subdivision, agency, instrumentality, district, or city of the state, which is authorized by law to provide a program of education beyond the high school level and which meets all of the following requirements:

- a) Admits as regular students only individuals having a certificate of graduation from high school, or the recognized equivalent of such a certificate.
- b) Provides an educational program for which it awards a baccalaureate degree; or provides an educational program which conditions admission upon the prior attainment of a baccalaureate degree or its equivalent, for which it awards a post-graduate degree; or provides not less than a two-year program which is acceptable for full credit toward a baccalaureate degree, or offers not less than a two year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge.
- c) Is accredited by a nationally recognized accrediting agency or association or, if not accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are accredited.
- d) Does not discriminate in the admission of students on the basis of age, race, creed, color, sex, national origin, religion, or disability.
- e) Has a governing board which possesses its own sovereignty.
- f) Has a governing board, or delegated institutional officials, which possess final authority in all matters of local control, including educational policy, choice of personnel, determination of program, and financial management

IOWA HIGHER EDUCATION LOAN AUTHORITY

Participating Colleges & Universities

The private colleges' and universities' goal is to provide a value-oriented educational experience to students who seek and adhere to similar values and goals. To these private colleges and universities, education is a process of growth from knowledge to wisdom. Independent colleges and universities play an important and unique role in the educational community and each individual local community. The communities these institutions serve reap many cultural as well as economic benefits. Following is a description of the bond issues which IHELA has floated to provide loan funds for the students, private colleges and universities in Iowa. These funds have been used to enable students to attend the educational institution of their choice and for the enhancement of the campus facilities of these institutions. This investment is keeping these institutions on the edge of the educational process, helping to make education in Iowa among the best in the nation.

Fiscal Year 2008 Issues:

St. Ambrose University

- ✚ Issued April 2008 in the amount of \$20,000,000. The bonds will be used to finance the acquisition and construction of a new residence hall and classroom facility with 98 suite-style rooms on the upper three floors and two lower floors with 12 classrooms and lecture hall and refinancing taxable debt.

Buena Vista University

- ✚ Issued April 2008 in the amount of \$2,500,000. The bonds will be used to finance the costs of acquiring and installing computers and related software and equipment.

Revenue Anticipation Notes – Private Education working Capital Loan Program

- ✚ Series A,B,C,D,E,F AND G Issued May 2008 in the amount of \$29,465,000. The bonds provide funds to make working capital and capital project loans to educational institutions participating in the program.

Cornell College

- ✚ Issued June 2008 in the amount of \$11,695,000. The bonds will be used to finance the construction and renovation of three residence halls, the Commons, King Chapel and West Science as well as refinancing Series 2001 Bonds.

Grinnell College

- ✚ Issued June 2008 in the amount of \$60,000,000. The bonds provide funds for the construction of a new field house with indoor track facilities, tennis courts, an indoor swimming pool, a pre-school facility, administrative office renovations and certain street improvements.

CONDUIT/STAND-ALONE BOND ISSUES

Prior Years' Issues:

<u>Date Issued</u>	<u>Institution</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
April, 1991	Briar Cliff College	\$750,000	0
April, 1992	Upper Iowa University	\$1,030,000	0
September, 1993	Palmer College of Chiropractic Med.	\$600,000	0
September, 1993	Mount Saint Clare College	\$19,000	0
October, 1995	Drake University	\$950,000	0
July, 1996	William Penn	\$882,653	0
November, 1996	Iowa Wesleyan College	\$569,640	0
April, 1998	Mount Mercy College	\$175,000	0
February, 1995	St. Ambrose University	\$6,200,000	0
May, 1995	University Of Osteopathic Medicine	\$15,000,000	0
February, 1996	St. Ambrose University	\$4,675,000	\$1,625,000
July, 1996	Grinnell College	\$12,000,000	0
December, 1996	Loras College	\$8,915,000	0
February, 1997	St. Ambrose University	\$2,575,000	0
April, 1997	Palmer College of Chiropractic Med.	\$12,695,000	\$9,350,000
October, 1997	Luther College	\$10,445,000	0
June, 1998	AIB College of Business	\$4,030,000	\$4,030,000
July, 1998	RAN Note Program	\$9,500,000	0
August, 1998	Central College	\$20,320,000	0
February, 1999	Maharishi International University	\$4,500,000	0
May, 1999	RAN Note Program	\$11,725,000	0
July, 1999	Mt. Mercy College	\$5,495,000	\$4,305,000
September, 1999	Waldorf College	\$12,000,000	0
October 1999	St. Ambrose University	\$12,595,000	0
November, 1999	Briar Cliff University	\$9,000,000	0
March, 2000	Iowa Wesleyan College	\$4,000,000	0
March, 2000	Wartburg Theological Seminary	\$9,420,000	\$8,790,000
May, 2000	RAN Note Program	\$20,115,000	0
October, 2000	Grand View College	\$7,500,000	0
October, 2000	Maharishi International University	\$1,500,000	0

<u>Date Issued</u>	<u>Institution</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
November, 2000	Loras College	\$20,450,000	\$20,450,000
May, 2001	Central College	\$42,910,000	\$38,300,000
May, 2001	RAN Note Program	\$33,630,000	0
November, 2001	Cornell College	\$10,000,000	0
December, 2001	Grinnell College	\$50,000,000	\$50,000,000
December, 2001	Buena Vista University	\$7,605,000	\$3,645,000
February, 2002	Loras College	\$5,000,000	\$5,000,000
May, 2002	RAN Note Program	\$30,880,000	0
July, 2002	Mt. Mercy College	\$3,595,000	\$3,205,000
July, 2002	Wartburg College	\$50,000,000	0
September, 2002	Luther College	\$15,000,000	\$15,000,000
December, 2002	Buena Vista University	\$9,600,000	\$4,800,000
February, 2003	Graceland University	\$15,900,000	\$15,900,000
April, 2003	St. Ambrose University	\$37,795,000	\$37,795,000
May, 2003	Buena Vista University	\$1,000,000	0
June, 2003	Des Moines University	\$22,700,000	\$21,340,000
May, 2003	RAN Note Program	\$31,800,000	0
May, 2004	Buena Vista University	\$1,040,000	\$221,970
May, 2004	Waldorf College	\$6,015,000	\$4,180,000
May, 2004	RAN Note Program	\$23,695,000	0
May, 2004	University of Dubuque	\$13,200,000	\$10,230,000
June, 2004	Buena Vista University	\$2,250,000	0
June, 2004	Des Moines University	\$13,785,000	\$12,090,000
February, 2005	Simpson College	\$12,140,000	\$12,140,000
May, 2005	William Penn University	\$11,500,000	\$11,305,000
May, 2005	RAN Note Program	\$25,200,000	0
December, 2005	Wartburg College	\$87,725,000	\$87,725,000
May, 2006	Iowa Wesleyan College	\$5,750,000	\$5,550,000
May, 2006	RAN Note Program	\$31,170,000	0
June, 2006	Buena Vista University	\$2,400,000	0
September, 2006	William Penn University	\$8,000,000	\$8,000,000
September, 2006	Grand View College	\$27,000,000	\$27,000,000
October, 2006	Cornell College	\$6,940,000	\$6,940,000
October, 2006	Loras College	\$22,035,000	\$21,615,000
January, 2007	Waldorf College	\$14,810,000	\$14,810,000
April, 2007	University of Dubuque	\$34,700,000	\$29,700,000

<u>Date Issued</u>	<u>Institution</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
May, 2007	Buena Vista University	\$7,870,000	\$7,870,000
May, 2007	RAN Note Program	\$30,710,000	0
April, 2008	St. Ambrose University	\$20,000,000	\$20,000,000
April, 2008	Buena Vista University	\$2,500,000	\$2,500,000
May, 2008	RAN Note Program	\$29,465,000	\$29,465,000
June, 2008	Cornell College	\$11,695,000	\$11,695,000
June, 2008	Grinnell College	\$60,000,000	\$60,000,000
Totals		<u>\$1,103,665,000</u>	<u>\$626,571,970</u>

As of June 30, 2008 there 40 stand-alone bond issues and leases outstanding with an aggregate principal balance outstanding of \$628,224,005. The 1985 Series had an outstanding balance of \$32,000,000 bringing the total amount of bonds outstanding to \$660,224,005 for the fiscal year.

STUDENT LOAN PROGRAMS

\$11,350,000 Variable Rate Education Loan Revenue Bonds -- Series 1984

The Iowa Higher Education Loan Program began operation in 1984 with the sale of \$11,350,000 in tax-exempt bonds. This program offered loans to students enrolled at twelve of the private institutions in the State and was designed to supplement other types of financial aid.

The program distributed over \$1,000,000 in loans and was able to help 296 students who chose to attend an Iowa private college. The bonds of this issue were redeemed and paid on July 1, 1999.

Listed below are the Iowa independent colleges and universities that participated in the loan program and the total number of student loans made by institution.

Buena Vista College	52 Loans	\$ 146,019.27
Central College	21 Loans	\$ 83,475.96
Clarke College	30 Loans	\$ 107,739.03
Coe College	13 Loans	\$ 47,556.17
Drake University	21 Loans	\$ 85,406.41
Luther College	24 Loans	\$ 108,190.36
St. Ambrose University	18 Loans	\$ 77,165.77
Simpson College	70 Loans	\$ 218,459.91
University of Dubuque	17 Loans	\$ 71,711.22
Wartburg College	28 Loans	\$ 111,165.77
Westmar University	2 Loans	\$ 4,491.98

\$1,100,000 Student Loan Revenue Bonds -- Series 1990

In 1990 the Iowa Higher Education Loan Authority issued \$1.1 million in Student Loan Revenue Bonds. The program distributed \$920,416 in loans and assisted 454 students who chose to attend an Iowa private college.

An individual was allowed to borrow up to \$6,000 per year. The loan rate was fixed at 9% with a 10 year amortization. All loans were backed 100% by the participating college. The bonds of this issue were redeemed and paid on March 1, 2003.

Listed below are the colleges that participated in the loan program and the total number and amount of student loans made by the institution.

Clarke College	11 Loans	\$ 48,290
Mount Saint Clare College	46 Loans	\$ 77,675
Simpson College	281 Loans	\$ 504,451
Wartburg College	116 Loans	\$ 300,000

FACILITIES LOAN PROGRAMS

\$70,000,000 Private College Facilities Revenue Bonds -- Series 1985

Briar Cliff College
 Briar Cliff College (II)
 Buena Vista College
 Buena Vista University
 Central College (I)
 Central College (II)
 Clarke College
 Coe College
 Cornell College
 Dordt College
 Faith Baptist Bible College
 Grand View College (I)
 Grand View College (II)
 Iowa Wesleyan College (I)
 Iowa Wesleyan College (II)
 Loras College (I)
 Loras College (II)
 Loras College (III)
 Luther College
 Maharishi University of Management
 Maharishi University of Management
 Marycrest International University
 Morningside College (I)
 Morningside College (II)
 Mount St. Clare College
 Palmer College of Chiropractic (I)
 Palmer College of Chiropractic (II)
 St. Ambrose University (I)
 St. Ambrose University (II)
 St. Ambrose University (III)
 Simpson College (I), (II), (III), (IV), (V),
 (VI), (VII), (VIII), (IX)
 University of Dubuque (I)
 University of Dubuque (II)
 University of Dubuque (III)
 Upper Iowa University (I)
 Upper Iowa University (II)
 Waldorf College (I)
 Waldorf College (II)
 Wartburg College (I)
 Wartburg College (II)
 Wartburg College (III)
 Wartburg Theological Seminary (I)
 Wartburg Theological Seminary (II)
 Wartburg Theological Seminary (III)
 Wartburg Theological Seminary (IV)

The Iowa Higher Education Facilities Loan Program, which began operations in December 1985, with the sale of \$70,000,000 in tax-exempt bonds, has assisted twenty-five institutions in obtaining the financing needed for facilities' projects. This program offers facility loans to Iowa's independent colleges and universities for new construction, refinancing existing facility's debt, renovations, equipment purchase, energy conservation, acquisition of buildings, and reimbursement of facilities' expenditures incurred over the past three years. On June 30, 2008, \$120,037,066 in loan funds has been disbursed to the private institutions.

The \$70,000,000 in tax-exempt bonds allowed for a \$58,000,000 loan pool from which the institutions can borrow. A debt service reserve fund of \$10,500,000 was established; and \$1,500,000 (or 2% of the issue) was allocated to cover the cost of issuance.

The issuance costs have been recovered through program investments and making of loans. The earnings from the program's investments are now being credited to the participating institutions. The unique feature of the program's revolving funds, which build with the principal repayment of loans, allows facilities funds to be available for future needs.

The terms for repayment are based on the nature of the project being financed, with a maximum term of ten years. Loan repayments include principal and interest plus a program expense component that is paid monthly beginning one month after the institution receives its loan proceeds. The interest on the loans is based on the variable weekly bond rate set by JP Morgan, the program's remarketing agent. The effective loan rate for the twelve-month period ending June 30, 2008, averaged 4.71%. This rate included interest plus the expense component.

Listed to the left are the institutions that have participated in the program.

Due to the downgrade of MBIA Insurance Corporation by both Standard & Poor's and Moody's, the borrowers in the Pool program elected their option to pay in full their current loans (See Note 5 Bonds Payable). In July, The Authority redeemed \$1,000,000 of the Series 1985 bonds that had been optionally tendered. On August 19th, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust dated December 17, 1985. The amount redeemed was \$13,800,000 bringing the balance of the Series 1985 Bonds to \$17,200,000. On October 1, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust on the remaining bonds outstanding for the Series 1985 Bonds.

FACILITIES LOAN PROGRAMS

SALLIE MAE PROGRAM

The IHELA Statewide Sallie Mae Program has been a valuable service to the colleges. Listed below are the institutions that have participated in the program and their loan amounts.

<u>Institution</u>	<u>Date Issued</u>	<u>Amount Issued</u>
Drake University	February, 1992A	\$ 4,075,000
Drake University	February, 1992B	\$ 3,600,000
Loras College	April, 1992	\$ 3,500,000
Coe College	June, 1992	\$ 2,000,000
Graceland College	December, 1993	\$ 5,850,000
Drake University	March, 1994	\$ 1,840,000
Coe College	November, 1994	\$ 1,150,000
Total		<u>\$22,015,000</u>

LEASE PURCHASE PROGRAM

The IHELA Lease Purchase Program is another financing option for the Iowa colleges. The Private College Lease Program was designed to help finance fungible assets, such as computers, software, telephone systems, fiber optics, or other assets with a short capital life. Listed below are the institutions that have participated in the program and their loan amounts.

<u>Institution</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding</u>
Briar Cliff College	February, 1994	\$ 500,000	
University of Dubuque	October, 1994	\$ 141,152	
Briar Cliff College	May, 1995	\$ 719,183	
Faith Baptist Bible College	February, 1997	\$400,000	
Wartburg College	March, 1997	\$1,168,500	\$421,219
Coe College	April, 1997	\$530,000	
Waldorf College	June, 1997	\$510,000	
Grand View College	July, 1997	\$510,000	
Briar Cliff College	July, 1997	\$744,900	
Mt. Mercy College	July, 1998	\$408,000	
Clarke College	July, 1998	\$159,886	
Wartburg Theological Seminary	August, 2000	\$375,000	\$217,753
University of Dubuque	February, 2001	\$1,200,000	\$741,588
Grand View College	August, 2004	\$1,250,000	\$271,475
Totals		<u>\$8,616,621</u>	<u>\$1,652,035</u>



Shull

and Co. P.C.
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Iowa Higher Education Loan Authority

We have audited the accompanying statement of net assets of each major fund of Iowa Higher Education Loan Authority (the Authority), a component unit of the State of Iowa, as of June 30, 2008 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Authority as of June 30, 2008 and the respective revenues, expenses, and changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 and 3 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements nor is it intended to present the financial position and results of operations of the individual components of the funds. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 20, 2008

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Indianola, Iowa 50125
515-961-2571 • Fax 515-961-4253

205 South Main Street
Osceola, Iowa 50213
641-342-2611 • Fax 641-342-2746

IOWA HIGHER EDUCATION LOAN AUTHORITY

Management Discussion & Analysis June 30, 2008

General Overview of Financial Statements

The three basic statements presented within the financial report are as follows:

- **Statement of Net Assets** – This statement presents information reflecting the Authority's assets, liabilities, and net assets. Net assets represent the amount of total assets less total liabilities. The Statement of Net Assets is categorized as current and noncurrent assets and liabilities. For the purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within one year of the statement date.
- **Statement of Revenues, Expenses and Changes in Net Assets** – This statement reflects the operating revenue and expenses during the year. Operating revenue is from administrative fees charged to colleges and universities. The change in net assets for an enterprise fund is similar to net profit or loss for any other business enterprise.
- **Statement of Cash Flows** – This statement is presented on the direct method of reporting which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

The following summarizes the financial position and results of operations of the Authority for the years ended June 30, 2008 and 2007.

ASSETS	2008	2007
Current Assets	\$ 4,120,658	4,237,096
Noncurrent Assets	30,195,676	30,522,531
Total Assets	34,316,334	34,759,627

LIABILITIES & NET ASSETS	2008	2007
Current Liabilities	\$ 173,796	547,669
Noncurrent Liabilities	32,073,946	32,100,275
Total Liabilities	32,247,742	32,647,944
Total Net Assets	2,068,592	2,111,683

OPERATING EXPENSES & REVENUES	2008	2007
Total Operating Revenues	\$ 1,677,608	1,793,118
Total Operating Expenses	1,720,699	1,707,609
Operating Income (loss)	(43,091)	85,509

IOWA HIGHER EDUCATION LOAN AUTHORITY

Management Discussion & Analysis - Continued June 30, 2008

Fiscal Year 2008 saw the Iowa Higher Education Loan Authority issue 10 separate conduit bond financings totaling \$123,660,000. This level of business generated operating revenue totaling \$200,948 (\$22,731 or 10% less than FY 2007). IHELA continued its investment in additional financing programs and support services for the private not-for-profit Iowa institutions during the fiscal year, including the credit assessment program with Moody's and Standard & Poor's rating agencies, the benchmarking service that provided an in-depth analysis of 30 key ratios for participating institutions. Eighteen institutions participated in the benchmarking program and IHELA partnered once again with Virchow Krause & Co. to complete the project. IHELA covered 2/3 of the participation costs for each institution (\$13,080 total). Overall operating expenses totaled \$183,771 (\$1,723 or 1% decrease from FY 2007).

1985 Series

Due to the downgrade of MBIA Insurance Corporation by both Standard & Poor's and Moody's, the borrowers in the 1985 Pool program elected their option to pay in full their current loans in the following amounts and on the following dates:

<u>Institution</u>	<u>Amount</u>	<u>Final Payment Date</u>
Buena Vista University	\$275,000	June 27, 2008
Wartburg Theological Seminary	\$334,640	June 30, 2008
Grand View College	\$165,591	August 15, 2008
Faith Baptist College	\$2,205,421	August 26, 2008
University of Dubuque	\$741,355	August 29, 2008
Simpson College	\$7,000,000	September 9, 2008

In July, the Authority redeemed \$1,000,000 of the Series 1985 bonds that had been optionally tendered.

On August 19, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust dated December 17, 1985. The amount redeemed was \$13,800,000 bringing the balance of the Series 1985 Bonds to \$17,200,000.

On October 1, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust on the remaining bonds outstanding for the Series 1985 Bonds.

1996 Series

The 1996 Series matured and were paid on August 1, 2007.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Net Assets June 30, 2008

Assets	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Current assets:				
Cash and investments	\$ -	-	1,328,149	1,328,149
Accounts receivable	-	-	3,500	3,500
Assets held by trustee:				
Investments and cash	1,154,835	2,206	-	1,157,041
Current portion of facilities loans receivable	1,419,747	-	-	1,419,747
Accrued interest receivable	116,920	-	3,801	120,721
Prepaid insurance	<u>91,500</u>	<u>-</u>	<u>-</u>	<u>91,500</u>
Total current assets	<u>2,783,002</u>	<u>2,206</u>	<u>1,335,450</u>	<u>4,120,658</u>
Noncurrent assets:				
Capital assets less accumulated depreciation	-	-	1,931	1,931
Assets held by trustee:				
Investments	21,342,712	-	-	21,342,712
Facilities loans receivable	<u>8,851,033</u>	<u>-</u>	<u>-</u>	<u>8,851,033</u>
Total noncurrent assets	<u>30,193,745</u>	<u>-</u>	<u>1,931</u>	<u>30,195,676</u>
Total assets	<u>\$ 32,976,747</u>	<u>2,206</u>	<u>1,337,381</u>	<u>34,316,334</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 6,450	2,206	3,722	12,378
Accrued interest payable	137,355	-	-	137,355
Unearned origination fees	<u>24,063</u>	<u>-</u>	<u>-</u>	<u>24,063</u>
Total current liabilities	<u>167,868</u>	<u>2,206</u>	<u>3,722</u>	<u>173,796</u>
Noncurrent liabilities:				
Bonds payable, net	32,000,000	-	-	32,000,000
Unearned origination fees	<u>73,946</u>	<u>-</u>	<u>-</u>	<u>73,946</u>
Total noncurrent liabilities	<u>32,073,946</u>	<u>-</u>	<u>-</u>	<u>32,073,946</u>
Total liabilities	<u>\$ 32,241,814</u>	<u>2,206</u>	<u>3,722</u>	<u>32,247,742</u>
Net Assets				
Restricted net assets - per bond resolutions	\$ 734,933	-	-	734,933
Invested in capital assets	-	-	1,931	1,931
Unrestricted	<u>-</u>	<u>-</u>	<u>1,331,728</u>	<u>1,331,728</u>
Total net assets	<u>\$ 734,933</u>	<u>-</u>	<u>1,333,659</u>	<u>2,068,592</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets Year ended June 30, 2008

	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Operating revenues:				
Interest income:				
Investments	\$ 892,466	3,777	52,880	949,123
Facilities loans	580,417	-	-	580,417
Other	-	-	148,068	148,068
Total operating revenues	<u>1,472,883</u>	<u>3,777</u>	<u>200,948</u>	<u>1,677,608</u>
Operating expenses:				
Interest	1,432,831	4,822	-	1,437,653
Rebates to borrowers	-	99,275	-	99,275
General and administrative	-	-	183,771	183,771
Total operating expenses	<u>1,432,831</u>	<u>104,097</u>	<u>183,771</u>	<u>1,720,699</u>
Operating income (loss)	40,052	(100,320)	17,177	(43,091)
Transfers, net	(32,000)	(380)	32,380	-
Net assets at beginning of year	<u>726,881</u>	<u>100,700</u>	<u>1,284,102</u>	<u>2,111,683</u>
Net assets at end of year	<u><u>\$ 734,933</u></u>	<u><u>-</u></u>	<u><u>1,333,659</u></u>	<u><u>2,068,592</u></u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Cash Flows Year ended June 30, 2008

	Series 1985 Funds	Series 1996 Funds	General Fund	Totals
Cash flows from operating activities:				
Interest received on loans	\$ 537,128	-	-	537,128
Cash receipts for fees	-	-	148,068	148,068
Principal repayments on loans	2,325,933	-	-	2,325,933
Payment of rebates to borrowers	-	(97,069)	-	(97,069)
Cash payments for operating expenses	-	-	(182,730)	(182,730)
Net cash provided (used) by operating activities	<u>2,863,061</u>	<u>(97,069)</u>	<u>(34,662)</u>	<u>2,731,330</u>
Cash flows from noncapital financing activities:				
Repayment of debt	-	(380,000)	-	(380,000)
Payment of interest on bonds	(1,413,503)	(11,000)	-	(1,424,503)
Interfund transfers	<u>(32,000)</u>	<u>(380)</u>	<u>32,380</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(1,445,503)</u>	<u>(391,380)</u>	<u>32,380</u>	<u>(1,804,503)</u>
Cash flows from investing activities:				
Purchase of capital assets	-	-	(1,792)	(1,792)
Net change in investments	(2,332,512)	473,456	-	(1,859,056)
Interest received on investments	<u>914,954</u>	<u>14,993</u>	<u>56,347</u>	<u>986,294</u>
Net cash provided (used) by investing activities	<u>(1,417,558)</u>	<u>488,449</u>	<u>54,555</u>	<u>(874,554)</u>
Net increase in cash and investments	-	-	52,273	52,273
Cash and investments at beginning of year	<u>-</u>	<u>-</u>	<u>1,275,876</u>	<u>1,275,876</u>
Cash and investments at end of year	<u>\$ -</u>	<u>-</u>	<u>1,328,149</u>	<u>1,328,149</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 40,052	(100,320)	17,177	(43,091)
Amortization	(33,648)	-	-	(33,648)
Depreciation	-	-	872	872
Increase in accrued interest receivable	(9,641)	-	-	(9,641)
Increase in accounts payable	-	2,206	169	2,375
Interest income on investments	(892,466)	(3,777)	(52,880)	(949,123)
Interest expense on bonds	1,432,831	4,822	-	1,437,653
Principal repayments on loans	<u>2,325,933</u>	<u>-</u>	<u>-</u>	<u>2,325,933</u>
Net cash provided (used) by operating activities	<u>\$ 2,863,061</u>	<u>(97,069)</u>	<u>(34,662)</u>	<u>2,731,330</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements June 30, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Higher Education Loan Authority (the Authority) was created in 1982 under Chapter 261A of the Code of Iowa as a tax-exempt public instrumentality to promote, encourage, and further the investment of private capital in the provision of funds for financing of education loans for students attending participating private education institutions in the state of Iowa (the State). Chapter 261A was subsequently amended by the Iowa Legislature to enable the Authority to provide financing for the acquisition, construction, and renovation of educational facilities, structures, and equipment to private educational institutions in the State. The Authority is authorized to issue, and has issued, bonds to provide education and facilities loan financing. The Authority is also authorized to serve as a conduit issuer for facility bond financings. When utilized in this capacity, the Authority charges an issuance fee in connection with its role as issuer of the bonds.

The authority has no taxing authority, and bonds issued do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The Authority is a component unit of the State. The Authority's financial statements are included in the State's comprehensive annual financial report.

Fund Accounting – The Authority's accounts are organized primarily as restricted funds, which are sets of self-balancing accounts for the assets, liabilities, net assets, and revenues and expenditures of the Authority's education and facilities loan programs. The restricted funds account for the proceeds from the education and facilities loan revenue and refunding bonds, the debt service requirements of the bonds, the related education and facilities loans purchased, and each program's expenses.

The Authority has an unrestricted general fund which accounts for the general and administrative functions for the Authority.

Basis of Presentation – The financial statements have been prepared using the economic resources measurement focus and the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies only Financial Accounting standards Board (FASB) Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989.

The Authority's management has presented the Series 1985 and 1996 funds individually as major funds within the Authority's financial statements to assist users of the Authority's financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Accounts – At June 30, 2008 the carrying amount of the Authority's deposits with a financial institution was \$97,147, and the bank balance was \$121,670, which is covered by federal depository insurance or collateralized.

Education and Facilities Loans Receivable – Education and facilities loans receivable are recorded at the original loan amounts, reduced by principal payments. Origination fees are amortized over the life of the loans, using the interest method.

Bond Issuance Costs, Discounts, Premiums, and Expenses – Bond issuance costs, discounts, and premiums are deferred and amortized as an adjustment to interest expense over the life of each bond issue, using the bonds outstanding method. Additionally, interest expense includes trustee fees and fees for bond insurance.

Unearned Origination Fees – Unearned origination fees were \$98,009 at June 30, 2008 with a decrease during the year of \$33,648 due to amortization.

Transfers – Transfers between funds were primarily from the Series 1985 and Series 1996 funds to the general fund for general and administrative expenses.

2. CASH AND INVESTMENTS

A summary of the Authority's cash and investments is as follows (cost approximates fair value):

Cash account	\$ 97,147
Money market account	831,002
Certificates of deposit maturing through January 2009	400,000
	<u>\$ 1,328,149</u>

The Authority's investment in the money market account is not rated.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2008

3. INVESTMENTS AND CASH HELD BY TRUSTEE

A summary of investments and cash held by trustee is as follows (cost approximates fair value):

Cash account	
Series 1985	\$ 370,204
Series 1996	<u>2,206</u>
	372,410
Goldman Sachs Financial Square Treasury Instrument	
Fund (Money Market Funds):	
Series 1985	784,631
Investment agreement - Series 1985	<u>21,342,712</u>
	<u>\$ 22,499,753</u>

At June 30, 2008, the Authority's deposits held by the Trustee were uninsured and uncollateralized. All of the investments were rated AAA.

The trustee, on the Authority's behalf, has entered into an investment agreement with a bank which will terminate on November 30, 2015. The interest rate is equal to the Bond Market Trade Association Index plus 113.5 basis points, adjusted weekly, and was 2.79% at June 30, 2008.

4. FACILITIES LOANS RECEIVABLE

Facilities loans receivable are loans made by the Authority to participating educational institutions. The loans have varying maturity dates, with principal payments due monthly based upon varying amortization periods of up to fifteen years. The interest rate on the loans made under the 1985 issue varies monthly based upon a calculation which is a function of the monthly interest expense on the facilities loan bonds plus the necessary expenses of the Authority to administer the facilities program. Excluding the effect of amortization of the origination fees, the interest rates for the year ended June 30, 2008 averaged approximately 4.71%.

The loans are secured by either a standby letter of credit facility with a qualifying financial institution or a mortgage from the participating educational institution.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2008

5. BONDS PAYABLE

Bonds payable are the direct and general obligations of the Authority, payable primarily from the principal and interest payments of facilities loans. The bonds are secured by the revenues and recoveries of principal and all amounts held in any account established under the bond indentures of trust. In addition, such accounts are restricted in accordance with the provisions of the applicable indentures of trust. A summary of bonds payable at June 30, 2008 follows:

Private college facilities revenue bonds, Series 1985	<u>\$ 32,000,000</u>
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The bonds are term bonds due December 1, 2015. The interest rate on the bonds may be set at a variable rate for various time periods or at a fixed rate as established by the rate-setting agent. In accordance with the indenture of trust, the interest rate cannot exceed 15%, except on bonds not remarketed. For the year ended June 30, 2008, the interest rate has varied on a weekly basis. The interest rate was 7.55% at June 30, 2008.

The Authority has an agreement with JPMorgan Chase Bank, which requires the bank to purchase any bonds not remarketed on any interest payment date. The term of the agreement extends to the earlier of December 3, 2008, the date the bonds are converted to a fixed rate, or the date the bonds and their related interest are paid in full.

The Authority has obtained insurance from an insurance association which guarantees the payment of principal and interest on the bonds and the payment of certain fees relating to the facilities program. The insurance policy expires on December 1, 2015.

The bonds are subject to mandatory redemption requirements. The mandatory redemption amounts will vary according to the amounts available in certain accounts held by the trustee. In the event of conversion to a fixed interest rate, the Authority has the option to redeem bonds at prices ranging from 101.50% to 100.50% and, subsequently, at prices declining to par.

A summary of the bonds payable activity for the year ended June 30, 2008 follows:

	Beginning Balance	Amortization of Cost of Issuance	Repayments and Amortization of Premium	Ending Balance
1985 Series	\$ 32,000,000	-	-	32,000,000
1996 Series	379,992	75	380,067	-
Total bonds payable	<u>\$ 32,379,992</u>	<u>75</u>	<u>380,067</u>	<u>32,000,000</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2008

5. BONDS PAYABLE (CONTINUED)

A summary of bond interest expense follows:

Year ending June 30	Series 1985 Funds
2008	\$ 2,416,000
2009	2,416,000
2010	2,416,000
2011	2,416,000
2012	2,416,000
2013	2,416,000
2014	2,416,000
2015	1,006,667

1985 Series

Due to the downgrade of MBIA Insurance Corporation by both S&P and Moody's on June 5th and June 19th, the borrowers in the 1985 Pool program elected their option to pay in full their current loans in August and September 2008.

In July, 2008, the authority redeemed \$1,000,000 of the Series 1985 bonds that had been optionally tendered.

In August 2008 the Authority exercised its Optional Redemption rights under the Indenture of Trust for \$13,800,000 of the Series 1985 bonds.

In October 2008 the Authority exercised its Optional Redemption rights under the Indenture of Trust for the remaining Series 1985 bonds outstanding (\$17,200,000).

1996 Series

The 1996 Series bonds payable matured and were paid on August 1, 2007.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2008

6. CAPITAL ASSETS

A summary of capital assets activity for the year ended June 30, 2008 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Equipment	\$ 16,269	1,792	-	18,061
Total	<u>16,269</u>	<u>1,792</u>	<u>-</u>	<u>18,061</u>
Less accumulated depreciation	<u>15,258</u>	<u>872</u>	<u>-</u>	<u>16,130</u>
Capital assets, net	<u>\$ 1,011</u>	<u>920</u>	<u>-</u>	<u>1,931</u>

7. CONDUIT DEBT OBLIGATIONS

From time to time the Authority has issued bonds to provide property and equipment financing for private educational institutions. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2008, the amount of such bonds outstanding aggregated approximately \$628,224,000.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Net Assets Information Higher Education Facilities Program Funds Private College Facilities Revenue Bonds, Series 1985 June 30, 2008

Assets	Revenue Account	Debt Service Reserve Account
Current assets:		
Assets held by trustee:		
Investments and cash	\$ 654	15,019
Current portion of facilities loans receivable	1,419,747	-
Accrued interest receivable	62,662	17,168
Prepaid insurance	-	-
Total current assets	<u>1,483,063</u>	<u>32,187</u>
Noncurrent assets:		
Assets held by trustee:		
Investments	-	6,928,770
Facilities loans receivable	8,851,033	-
Total noncurrent assets	<u>8,851,033</u>	<u>6,928,770</u>
Total assets	<u>\$ 10,334,096</u>	<u>6,960,957</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ -	-
Accrued interest payable	-	-
Unearned origination fees	24,063	-
Total current liabilities	<u>24,063</u>	<u>-</u>
Noncurrent liabilities:		
Bonds payable, net	32,000,000	-
Unearned origination fees	73,946	-
Total noncurrent liabilities	<u>32,073,946</u>	<u>-</u>
Total liabilities	<u>\$ 32,098,009</u>	<u>-</u>
Net assets (deficit)	<u>\$ (21,763,913)</u>	<u>6,960,957</u>

See accompanying independent auditors' report.

Schedule 1

<u>Bond Fund Interest Account</u>	<u>Mandatory Redemption Account</u>	<u>Revolving Fund Quarterly Accounts</u>	<u>Administrative Expense Account</u>	<u>Total</u>
261,396	62,137	752,437	63,192	1,154,835
-	-	-	-	1,419,747
350	93	36,588	59	116,920
-	-	-	91,500	91,500
<u>261,746</u>	<u>62,230</u>	<u>789,025</u>	<u>154,751</u>	<u>2,783,002</u>
-	-	14,413,942	-	21,342,712
-	-	-	-	8,851,033
-	-	14,413,942	-	30,193,745
<u>261,746</u>	<u>62,230</u>	<u>15,202,967</u>	<u>154,751</u>	<u>32,976,747</u>
-	-	-	6,450	6,450
137,355	-	-	-	137,355
-	-	-	-	24,063
<u>137,355</u>	<u>-</u>	<u>-</u>	<u>6,450</u>	<u>167,868</u>
-	-	-	-	32,000,000
-	-	-	-	73,946
-	-	-	-	32,073,946
<u>137,355</u>	<u>-</u>	<u>-</u>	<u>6,450</u>	<u>32,241,814</u>
<u>124,391</u>	<u>62,230</u>	<u>15,202,967</u>	<u>148,301</u>	<u>734,933</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

Revenues, Expenses, and Changes in Net Assets Information Higher Education Facilities Program Funds Private College Facilities Revenue Bonds, Series 1985 Year ended June 30, 2008

	Revenue Account	Debt Service Reserve Account
Operating revenues:		
Interest income:		
Investments	\$ -	298,047
Facilities loans	580,417	-
Total operating revenues	580,417	298,047
Operating expenses:		
Interest	-	-
Operating income (loss)	580,417	298,047
Transfers, net:		
Transfer to general fund	-	-
Other	(2,862,407)	(292,487)
Total transfers, net	(2,862,407)	(292,487)
Net change in net assets	(2,281,990)	5,560
Net assets (deficit) at beginning of year	(19,481,923)	6,955,397
Net assets (deficit) at end of year	\$ (21,763,913)	6,960,957

See accompanying independent auditors' report.

<u>Bond Fund Interest Account</u>	<u>Mandatory Redemption Account</u>	<u>Revolving Fund Quarterly Accounts</u>	<u>Administrative Expense Account</u>	<u>Total</u>
6,708	1,794	583,585	2,332	892,466
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,417</u>
6,708	1,794	583,585	2,332	1,472,883
<u>1,115,209</u>	<u>-</u>	<u>-</u>	<u>317,622</u>	<u>1,432,831</u>
<u>(1,108,501)</u>	<u>1,794</u>	<u>583,585</u>	<u>(315,290)</u>	<u>40,052</u>
-	-	-	(32,000)	(32,000)
<u>1,076,364</u>	<u>(1,924)</u>	<u>1,730,631</u>	<u>349,823</u>	<u>-</u>
<u>1,076,364</u>	<u>(1,924)</u>	<u>1,730,631</u>	<u>317,823</u>	<u>(32,000)</u>
(32,137)	(130)	2,314,216	2,533	8,052
<u>156,528</u>	<u>62,360</u>	<u>12,888,751</u>	<u>145,768</u>	<u>726,881</u>
<u>124,391</u>	<u>62,230</u>	<u>15,202,967</u>	<u>148,301</u>	<u>734,933</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

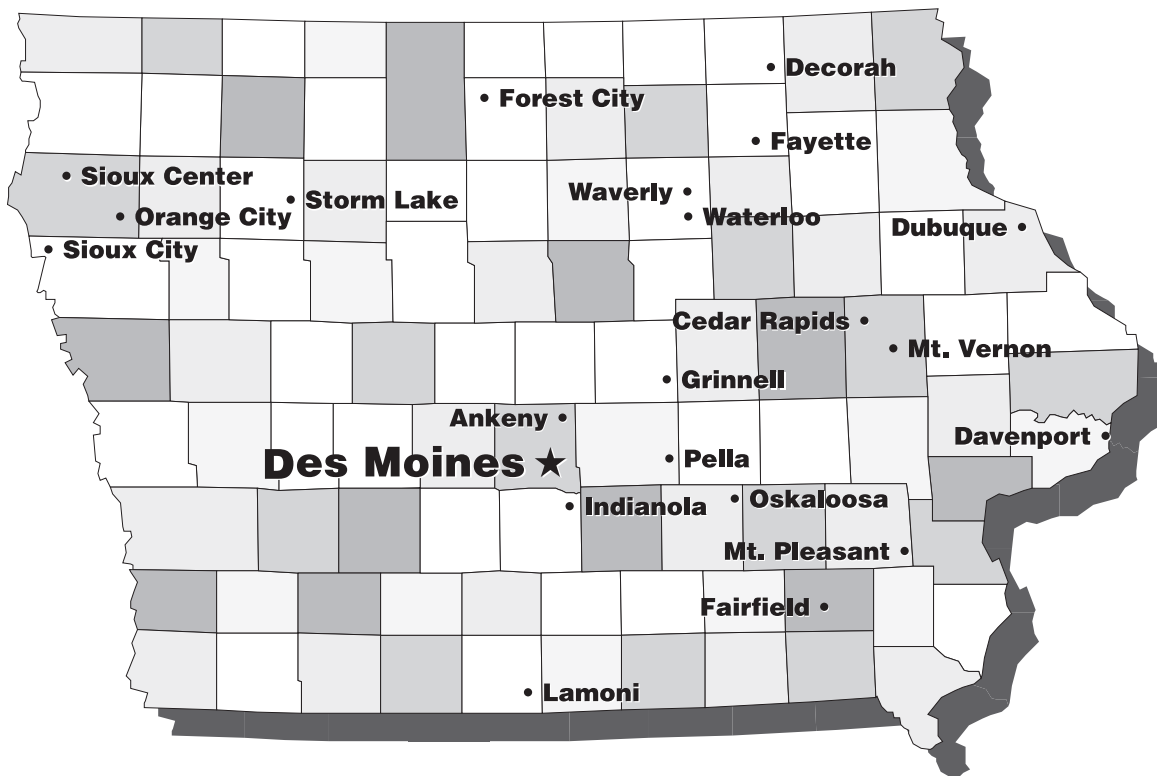
Revenues, Expenses, and Changes in Net Assets Information Higher Education Facilities Program Funds Private College Facilities Refunding Revenue Bonds, Series 1996 Year ended June 30, 2008

	Revenue Account	Earnings Sub-Account	Debt Service Reserve Account
Operating revenues:			
Interest income on investments	\$ 2,235	39	1,503
Total operating revenues	2,235	39	1,503
Operating expenses:			
Interest	-	-	-
Rebates to borrowers	99,275	-	-
Total operating expenses	99,275	-	-
Operating income (loss)	(97,040)	39	1,503
Transfers, net:			
Transfer to general fund	-	-	-
Other	273,202	(6,895)	(279,773)
Total transfers, net	273,202	(6,895)	(279,773)
Net change in net assets	176,162	(6,856)	(278,270)
Net assets (deficit) at beginning of year	(176,162)	6,856	278,270
Net assets (deficit) at end of year	\$ -	-	-

See accompanying independent auditors' report.

Principal Account	Interest Account	Administrative Expense Account	Cost of Issuance Account	Total
-	-	-	-	3,777
-	-	-	-	3,777
-	1,591	3,231	-	4,822
-	-	-	-	99,275
-	1,591	3,231	-	104,097
-	(1,591)	(3,231)	-	(100,320)
-	-	(380)	-	(380)
-	9,508	3,958	-	-
-	9,508	3,578	-	(380)
-	7,917	347	-	(100,700)
-	(7,917)	(347)	-	100,700
-	-	-	-	-

Principal Account	Interest Account	Administrative Expense Account	Cost of Issuance Account	Total
-	-	-	-	30,487
-	-	-	-	30,487
-	21,275	2,748	(4,274)	19,749
-	(21,275)	(2,748)	4,274	10,738
-	-	(900)	-	(900)
-	32,108	5,958	-	-
-	32,108	5,058	-	(900)
-	10,833	2,310	4,274	9,838
-	(18,750)	(2,657)	(4,274)	90,862
-	(7,917)	(347)	-	100,700



- | | |
|---|--------------|
| 1. Dordt College ----- | Sioux Center |
| 2. Briar Cliff University ----- | Sioux City |
| 3. Morningside College ----- | Sioux City |
| 4. Buena Vista University ----- | Storm Lake |
| 5. Waldorf College ----- | Forest City |
| 6. Wartburg College ----- | Waverly |
| 7. Upper Iowa University ----- | Fayette |
| 8. Luther College ----- | Decorah |
| 9. Clarke College ----- | Dubuque |
| 10. University of Dubuque ----- | Dubuque |
| 11. Loras College ----- | Dubuque |
| 12. Wartburg Theological Seminary ----- | Dubuque |
| 13. Coe College ----- | Cedar Rapids |
| 14. Mount Mercy College ----- | Cedar Rapids |
| 15. Palmer College of Chiropractic ----- | Davenport |
| 16. St. Ambrose University ----- | Davenport |
| 17. Grinnell College ----- | Grinnell |
| 18. Central College ----- | Pella |
| 19. William Penn University ----- | Oskaloosa |
| 20. Maharishi University of Management ----- | Fairfield |
| 21. Iowa Wesleyan College ----- | Mt. Pleasant |
| 22. Graceland University ----- | Lamoni |
| 23. Simpson College ----- | Indianola |
| 24. Faith Baptist Bible College & Seminary ----- | Ankeny |
| 25. AIB College of Business ----- | Des Moines |
| 26. Drake University ----- | Des Moines |
| 27. Grand View College ----- | Des Moines |
| 28. Des Moines University of Osteopathic Medicine ----- | Des Moines |
| 30. Mercy College of Health Sciences ----- | Des Moines |
| 31. Allen College ----- | Waterloo |
| 32. Cornell College ----- | Mt. Vernon |
| 33. Northwestern College ----- | Orange City |